

CAS LEGISLATION UPDATE

AND

CHANGES IN COST  
ACCOUNTING PRACTICES

# CAS LEGISLATION UPDATE

- Proposed thresholds--
  - Individual contract--\$500,000 (current)
  - Trigger contract application at \$7.5 M
  - Full coverage at \$50 M

# CAS LEGISLATION UPDATE

- Exemptions to CAS--
  - firm fixed-price contracts awarded on the basis of adequate price competition without submission of certified cost or pricing data.
  - contracts less than \$7.5M if, at time of award, the segment performing the work has not been awarded a CAS-covered contract of \$7.5M or more.

# CAS LEGISLATION UPDATE

- Head of executive agency may waive CAS for a contract less than \$15M if determines in writing that segment that will perform work is primarily engaged in sale of commercial items and would not otherwise be subject to CAS.

# CAS LEGISLATION UPDATE

- Head of executive agency may also waive CAS for a contract under exceptional circumstances when necessary to meet needs of agency.
- Authority may not be delegated to any official below senior policymaking level.

# CAS LEGISLATION UPDATE

- FAR shall include--
  - Criteria for selecting official to be delegated waiver authority.
  - Specific circumstances under which waiver may be granted.
- Waivers granted shall be reported to the Board annually.

# CHANGES IN COST ACCOUNTING PRACTICES

SNPRM-II

August 20, 1999

# History of Proposed Rule

- April 9, 1993--SDP
- April 25, 1995--ANPRM
- September 18, 1996--NPRM
- July 14, 1997--SNPRM
- August 20, 1999--SNPRM-II



# CASB's Stated Objectives

- Use SNPRM-II as basis for:
  - Holding open public meeting
  - Conducting a benchmarking survey
  - Soliciting public comments

# Definition of Cost Accounting Practice Change

- “...any alteration in a cost accounting practice...including...:
  - Pool combinations.
  - Pool split-outs.
  - Functional transfers.”

# CFAO Responsibilities

- Make required determinations--
  - cost impact materiality determinations
- Coordinate with affected agencies on potential modifications prior to negotiations
- Negotiate cost impacts
- Inform affected agencies of negotiation results

# Awarding Agency Responsibilities

- Coordinate with and support CFAO
- Prepare and/or obtain contract modifications to support negotiations, as requested by CFAO
- Make every effort to provide funds required for increased contract price modifications

# OFFSETS

- The offset process “shall only be applied to contracts that are of the same contract type”
  - FFP
  - T&M
  - Incentive (FPI/CPIF)
  - Other cost-reimbursement contracts

# WHAT NOW?

- CASB Open Public Meeting
- CASB Benchmarking Survey
- CAS Committee review of proposed rule
  - DCMC Survey
- OSD Response to CAS Board by October 19
- Final Rule